

ORIGINAL: FRENCH

**ANNUAL REPORT ON TRADE AMONG
THE OIC MEMBER STATES**

EXECUTIVE SUMMARY

PRESENTED BY

**THE ISLAMIC CENTRE FOR DEVELOPMENT
OF TRADE**

TO THE

**34th SESSION OF THE STANDING COMMITTEE
FOR ECONOMIC AND COMMERCIAL
CO-OPERATION OF THE OIC
(COMCEC)**

**Istanbul – Republic of Turkey
26th – 29th November 2018**

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EXECUTIVE SUMMARY

I/LATEST DEVELOPMENTS IN THE GLOBAL ECONOMY:

The global economy has strengthened between 2016 and 2017 given the growth in domestic demand in the industrialized countries and China, as well as improved results in other major emerging countries and a sustained recovery in global investment in the manufacturing sector. According to IMF data (April 2018), this situation did not improve global output growth, which stood at 3.2% in 2016 and could rise to 3.8% in 2017 and reach 3.9% in 2018 and this is driven by investments in developed countries, the persistence of growth in the emerging countries of Asia and Europe and in some commodity-exporting countries but also the rebound in world trade especially in developing countries (2.2% in 2016 to 6.4% in 2017).

This situation can be explained, among other things, by the existence of favourable financial environment that have enabled investment in manufacturing, the flexibility of fiscal policy in the US but also the rise in world prices for commodities (oil, natural gas, metals (aluminium and iron) and agricultural products (grains and oilseeds) and private consumption flows particularly in China and India.

Given this situation, the OIC countries are not left behind, the overall GDP of the Member has increased from USD 18.3 trillion in 2016 to USD 19 trillion in 2017 and may reach a value of USD 19.8 trillion in 2018 given the soaring of some commodity prices and the international economic environment.

In 2018, a GDP growth above 5% was recorded in the following countries: Guinea, Côte d'Ivoire, Turkey, Tajikistan, Djibouti, Senegal, Bangladesh, Turkmenistan, Burkina Faso, Maldives, Malaysia, Guinea-Bissau, Benin, Pakistan, Mali, Uzbekistan, Niger and Indonesia.

II/ WORLD TRADE:

According to the WTO and the IMF's 2018 reports, global trade in 2017 has grown strongly compared to 2011, which has enabled growth in world GDP and job creation, due to multilateral cooperation and regional economic integration supported by trade diplomacy. Indeed, in 2017, world trade grew by 4.7% against 1.8% in 2016, i.e. more than twice the level in 2016 following the increase in investment expenditure, the rise in commodity prices, the exchange rates in USD, increased imports particularly in Asia but also expansionary fiscal policies and investment in the energy sector in the US and in some other countries.

The value of global trade (current US dollar) in 2017 grew by 10.7% for exports of goods and 7.4% for commercial services exports. Imports from developing countries jumped from 1.9% in 2016 to 7.2% in 2017 and exports respectively by 5.2% and 6.4%. Asia experienced the strongest growth in trade volume of all regions in 2017, for both exports (6.7%) and imports (9.6%). North American exports and imports increased significantly in 2017 recording 4.2% and 4.0%, respectively, after stagnating in 2016.

The Import growth in South and Central America and the Caribbean reached 4.0% in 2017. At the same time, European trade flows continued to grow at a moderate pace, with a 3.5% increase in exports and 2.5% in imports in 2017. The countries of Africa, the Middle East and

the Commonwealth of Independent States recorded steady export growth of 2.3% in volume.

In 2018, global trade growth could reach 4% to 4.4% in 2019 according to WTO forecasts of May 2018, however, it may experience a regression following trade tensions between the US, Europe and Asia on the issue of steel and aluminium, which could affect business confidence over the decisions of their investment.

III/ RECENT DEVELOPMENTS IN FOREIGN TRADE OF OIC MEMBER STATES:

a) New OIC Ten Year Plan of Action (OIC-2025):

At the 13th Islamic Summit of April 2016 held in Istanbul in the Republic of Turkey, a New Ten-Year Plan of Action was adopted aiming at achieving a 25% intra-OIC trade share by 2025 (OIC -2025) covering the period 2016-2025.

In this regard, the OIC General Secretariat has initiated an Annual Coordination Meeting of OIC Institutions (ACMOI) every December starting from the end of 2015.

During the first meeting held in December 2015, two subcommittees were created: a subcommittee on Trade and Investment (TISC) under the chairmanship of the Islamic Centre for Development of Trade (ICDT) and another on the development of the Private Sector and Finance under the direction of the Islamic Development Bank Group.

Thus, the TISC subcommittee organized 3 meetings (16-17 March 2016 in Marrakech, 6-7 March 2017 in Casablanca and 8-9 March 2018 in Marrakech) of the OIC institutions dealing with trade and investment and technical meeting in Jeddah at ITFC headquarters to coordinate the activities of the Member Institutions (27 May 2016 and 9 February 2017).

Five integrated projects have been initiated namely: development of Halal Industry, the Single Window Initiative and Trade Facilitation, the development of strategic products; Investment Promotion and Support for Investment Promotion Agencies of OIC Member States, private sector and SMEs development.

For this purpose, Trade Fairs, Specialized Exhibitions, Business Fora and Buyers Sellers Meetings were organized jointly by ICDT, ITFC and SMIIC as well as capacity building programs by ICDT, SESRIC and IDB between 2017 and 2018.

b) OIC countries global trade:

Efforts made by Member States, OIC Institutions and development partners have contributed to the improvement of the volume of foreign and intra-OIC trade despite fluctuations in commodity prices and the parity of the US dollar against local currencies as well as the geopolitical and economic situation of the OIC countries.

The share of OIC Member States in world trade accounted for 9.4% in 2017 compared to 11% of world trade in 2014, i.e. a decrease by 14.4%. The volume world trade of the OIC countries went from USD 4.2 trillion in 2014 to USD 3.2 trillion in 2017 i.e. a 22% decline.

The main foreign trade actors of the Member States in 2017 are: Malaysia, Turkey, United Arab Emirates (UAE), Saudi Arabia, Indonesia, Iran, Iraq, Qatar, Egypt and Kuwait. These ten countries totalled USD 2.4 trillion, totalling 72.7% of world trade of Member States in 2017.

The main products marketed by the Member States are composed in 2017 of: Miscellaneous manufactured goods (28%), food products (24%); mineral fuels (21%); transportation machinery and equipment (11%), chemicals (11%) and non - edible raw materials (5%).

c) OIC Member States Global Trade in Services:

According to UNCTAD data of May 2018, the global trade of the OIC Member States in services reached in 2017 a value of USD 900.07 billion against USD 835.6 billion in 2016, representing an increase of 7.7% in transportation services and travel.

Exports of services from OIC Member States totalled about USD 370 billion in 2017 against USD 338 billion in 2016, i.e an increase of 9.4% and imports increased by 6.6% from USD 498 billion in 2016 to USD 531 billion in 2017.

The increase in exports of trade in services is explained by the rise of export services (more than USD 500 million) in the following countries between 2016 and 2017: Egypt, Turkey, Morocco, UAE, Qatar, Malaysia, Indonesia, Nigeria, Saudi Arabia, Jordan, Uzbekistan, Pakistan, Albania and Azerbaijan. The main dominant types of services in the OIC countries are travel and transport services up to 83% in 2017.

The main players in trade in services are: UAE, Saudi Arabia, Malaysia, Turkey, Indonesia, Qatar, Egypt, Kuwait, Morocco and Iran. These ten countries accounted for 80% of the total trade of the OIC countries in 2017.

IV/ CURRENT STATE OF INTRA-OIC TRADE:

a) Volume of intra-OIC trade:

The volume of intra-OIC trade (intra-OIC exports + intra-OIC imports) reached in 2017 a value of USD 644.3 billion against USD 556.3 billion in 2016, i.e. an increase of 15.80%. This situation is explained by the increase of intra-OIC trade by more than USD 500 million between 2016 and 2017 of the following countries: United Arab Emirates, Saudi Arabia, Turkey, Bahrain, Qatar, Kazakhstan, Nigeria, Malaysia, Côte d'Ivoire, Indonesia, Suriname, Azerbaijan, Togo and Guinea.

Intra-OIC exports increased by 15.7% from USD 278.4 billion in 2016 to USD 322.8 billion in 2017 and imports increased from USD 277.9 billion in 2016 to USD 321, 5 billion in 2017, an improvement of 15.7%. In addition, the share of intra-OIC trade increased to 19.8% in 2017 compared to 18.7% in 2016, representing 6% growth. The main players in intra-OIC trade in 2017 are: the UAE; Turkey, Saudi Arabia, Indonesia, Iran, Malaysia, Egypt, Pakistan, Oman and Iraq. These ten countries accounted for 74.6% of intra-OIC trade in 2017 totalling USD 480.7 billion.

At the regional level, the distribution of intra-OIC trade was as follows: 47% ensured by the Gulf countries followed by the Asian countries (24%), the Middle East countries (20%), the Sub-Saharan African countries (5%) and AMU countries (3%). In 2017, about 28 countries reached the 25% threshold of intra-OIC trade targeted by the New Ten-Year Plan of Action (TYPOA) OIC-2025, in descending order: Somalia (58.60% of its trade is done with the OIC countries) followed by Sudan (55.83%), Syria (52.11%), Yemen (51.61%), Afghanistan (51.37%), The Gambia (47.55%), Togo (46.16%), Mali (45.86%), Tajikistan (42.97%), Djibouti (41.95%), Jordan (39.76%), Bahrain (39.44%), Lebanon (39.26%), Senegal (36.15%), Oman (35.75%), Sierra Leone (35.55%), Egypt (34.65%), the UAE (33.52%), Iran (32.58%), Kyrgyzstan (29.87%), Pakistan (28.74%), Benin (28.48%), Comoros (27.40%), Niger (26.76%), Côte d'Ivoire (26.57%), Uzbekistan (25.96%), Turkmenistan (25.20%) and Chad (24.88%).

b) Intra-regional trade:

Intra-regional trade reached a value of USD 118.1 billion in 2016 compared to USD 138.7 billion in 2017 corresponding to 17.5% increase thanks to the significant increase in intra-

regional trade of the GCC countries, Middle East, Asia and sub-Saharan Africa varying between 1 and 12 billion USD.

This intra-regional trade remains concentrated between the GCC countries, the Middle East and Asia up to 92% in 2017. Intra-regional trade flows share accounted for 42.5% of intra-OIC trade in 2016 compared to 43.1% in 2017, a slight improvement of 1.5%, reflecting the revival of intra-regional trade. In contrast, the AMU region experienced a decline in intra-regional trade by 18.4% during this period.

c) Inter-regional trade:

Inter-regional trade volume has experienced the same trend with a creation of inter-regional exchanges of 15% rising from USD 160.1 billion in 2016 to USD 184.1 billion in 2017 due to the increase in inter-regional trade particularly in the GCC, Asia and the Middle East during this period. The share of inter-regional trade in intra-OIC trade fell slightly by 0.7% from 57.6% in 2016 to 57.2% in 2017.

V/ PREVALENCE OF TARIFF AND NON-TARIFF BARRIERS:

Despite the considerable efforts made by the Member States, the OIC General Secretariat and its Institutions to promote intra-OIC trade and to reduce the barriers, many obstacles remain. According to the latest study conducted by the ICDT, the difficulties encountered by the exporting companies are related to the customs services (76%), then the logistics and the technical barriers with 33% each. Contrary to popular belief, financial difficulties are cited in only 10% of cases.

VI/ TOOLS FOR STRENGTHENING INTRA-OIC TRADE:

To strengthen economic and trade cooperation among the OIC countries, the OIC Institutions and the public and private sectors shall contribute to the implementation of the OIC-2025 Ten-Year Plan of Action in particular through the five integrated projects adopted by the TISC, especially the trade facilitation, capacity building, participation in Fairs, International Exhibitions and Business Fora but also by easing foreign trade procedures and those of intra-OIC investment in order to boost trade between Member States by raising awareness on the establishment of Single Windows for foreign trade and the modernization of customs administrations. In addition, the diversification of the exportable supply is a necessity for developing foreign trade and intra-OIC investment.

It is also important that OIC Member States set up the Free Trade Area and adhere to the guiding principles of investment facilitation.

ANNEXES

THE EXPORTS OF THE OIC MEMBER STATES (IN MILLION US \$)

COUNTRY	2016			2017			الدول
	TO OIC Countries (1)	Total Exports (2)	1/2 in %	TO OIC Countries (3)	Total Exports (4)	3/4 in %	
AFGHANISTAN	348,33	611,43	56,97%	204,13	519,44	39,30%	أفغانستان
ALBANIA	43,32	1 962,12	2,21%	41,5	2 261,56	1,84%	ألبانيا
ALGERIA	3 382,27	29 992,10	11,28%	4 437,10	35 191,12	12,61%	الجزائر
AZERBAIJAN	1 762,03	9 143,13	19,27%	2 261,73	13 797,67	16,39%	أذربيجان
BAHRAIN	7 193,02	12 892,35	55,79%	7 572,28	14 246,06	53,15%	البحرين
BANGLADESH	1 505,25	30 195,28	4,99%	1 546,63	25 635,48	6,03%	بنغلاديش
BENIN	229,7	409,75	56,06%	297,34	731,59	40,64%	بنين
BRUNEI	382,02	5 220,56	7,32%	668,67	5 570,58	12,00%	بروناي دار السلام
BURKINA FASO	213,79	2 437,13	8,77%	330,68	2 945,34	11,23%	بوركينافاسو
CAMEROON	500,6	3 215,93	15,57%	767,6	2 705,52	28,37%	الكاميرون
CHAD	242,58	1 582,47	15,33%	233,03	1 279,59	18,21%	تشاد
COMOROS	1,08	16,15	6,69%	2,21	17,6	12,56%	القمر الاتحادية
COTE D'IVOIRE	2 643,39	11 846,38	22,31%	2 915,98	11 636,40	25,06%	كوت ديفوار
DJIBOUTI	124,24	347,69	35,73%	117,83	346,66	33,99%	جيبوتي
EGYPT	12 003,67	22 507,39	53,33%	12 445,23	25 943,25	47,97%	مصر
GABON	148,69	6 025,75	2,47%	139,33	3 901,54	3,57%	الغابون
GAMBIA	76,97	154,05	49,97%	58,29	82,8	70,40%	غامبيا
GUINEA	742,89	2 918,06	25,46%	726,98	4 031,23	18,03%	غينيا
GUINEA BISSAU	15,57	337,08	4,62%	32,13	386,21	8,32%	غينيا بيساو
GUYANA	21,77	1 452,63	1,50%	74,57	1 789,69	4,17%	غويانا
INDONESIA	18 324,03	144 489,80	12,68%	21 208,37	168 810,04	12,56%	إندونيسيا
IRAN	8 802,63	46 744,85	18,83%	11 646,83	63 707,00	18,28%	إيران
IRAQ	2 981,24	46 422,41	6,42%	4 299,68	64 098,21	6,71%	العراق
JORDAN	3 703,09	7 509,08	49,31%	3 583,24	7 469,24	47,97%	الأردن
KAZAKHSTAN	4 182,70	36 775,32	11,37%	5 337,13	48 342,07	11,04%	كازخستان
KUWAIT	6 044,00	41 786,27	14,46%	3 024,52	54 806,85	5,52%	الكويت
KYRGYZSTAN	454	1 435,16	31,63%	655,06	1 783,97	36,72%	قيرغيزيا
LEBANON	1 564,89	2 976,59	52,57%	2 239,90	3 845,82	58,24%	لبنان
LIBYA	896,24	6 530,60	13,72%	1 599,31	13 157,51	12,16%	ليبيا
MALAYSIA	19 779,90	189 414,07	10,44%	22 493,65	216 428,43	10,39%	ماليزيا
MALDIVES	1	139,59	0,72%	16,40	230,58	7,11%	مالديف
MALI	821,81	2 847,59	28,86%	602,34	1 274,93	47,24%	مالي
MAURITANIA	178,21	1 622,76	10,98%	168,54	1 989,43	8,47%	موريتانيا
MOROCCO	3 445,28	22 858,29	15,07%	3 150,50	25 606,85	12,30%	المغرب
MOZAMBIQUE	89	3 338,96	2,67%	134,35	4 687,41	2,87%	موزمبيق
NIGER	330,82	927,24	35,68%	310,83	1 046,14	29,71%	النيجر
NIGERIA	4 454,80	38 948,67	11,44%	5 244,72	44 466,37	11,79%	نيجيريا
OMAN	7 585,70	26 775,73	28,33%	8 383,40	30 161,04	27,80%	عمان
PAKISTAN	4 948,94	20 533,79	24,10%	5 094,96	21 877,79	23,29%	باكستان
PALESTINE	123,39	937,02	13,17%	144,21	946,55	15,24%	فلسطين
QATAR	9 195,15	57 310,55	16,04%	8 911,47	66 772,84	13,35%	قطر
SAUDI ARABIA	31 377,85	174 903,51	17,94%	48 592,57	220 356,65	22,05%	العربية السعودية
SENEGAL	1 232,80	2 640,28	46,69%	1 146,36	2 320,60	49,40%	السنغال
SIERRA LEONE	164,26	509,38	32,25%	202,96	502,33	40,40%	سيراليون
SOMALIA	613,42	647,36	94,76%	350,56	402,48	87,10%	الصومال
SUDAN	2 211,23	2 598,73	85,09%	2 991,59	4 058,46	73,71%	السودان
SURINAME	476,77	1 235,28	38,60%	224,55	1 441,02	15,58%	سورينام
SYRIA	574,18	796,71	72,07%	626,05	868,37	72,09%	سوريا
TAJIKISTAN	438,79	809,08	54,23%	496,08	955,38	51,92%	طاجيكستان
TOGO	510,16	714,88	71,36%	532,37	749,26	71,05%	توغو
TUNISIA	1 992,46	13 575,13	14,68%	1 869,30	13 518,84	13,83%	تونس
TURKEY	41 253,58	142 529,58	28,94%	45 147,02	157 054,79	28,75%	تركيا
TURKMENISTAN	1 155,39	7 543,94	15,32%	661,5	7 457,52	8,87%	تركمنستان
U.A EMIRATES	63 832,82	189 397,12	33,70%	73 204,52	191 349,94	38,26%	الإمارات العربية المتحدة
UGANDA	456,03	2 296,90	19,85%	654,59	2 795,11	23,42%	أوغندا
UZBEKISTAN	2 326,07	7 750,32	30,01%	2 687,46	8 519,37	31,55%	أوزبكستان
YEMEN	79,23	185,69	42,67%	300,25	491,5	61,09%	اليمن
TOTAL	278 183,03	1 391 725,67	19,99%	322 810,37	1 607 369,98	20,08%	المجموع

THE IMPORTS OF THE OIC MEMBER STATES (IN MILLION US \$)

COUNTRY	2016			2017			الدول
	From OIC Countries (1)	Total Imports (2)	1/2 in%	From OIC Countries (3)	Total Imports (4)	3/4 in %	
AFGHANISTAN	4 532,05	6 558,91	69,10%	4 134,00	6 515,41	63,45%	